

AMENDED IN SENATE APRIL 11, 2005

SENATE BILL

No. 1037

Introduced by Senator Kehoe

February 22, 2005

An act to ~~repeal Section 25620.9 of the Public Resources Code, relating to public interest energy research~~, amend and repeal Section 399.4 of, and to add Sections 454.55, 454.6, 1002.3, and 9615 to, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1037, as amended, Kehoe. ~~Public interest energy research~~. Energy efficiency.

(1) *The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires it to certify sufficient sites and related facilities that are required to provide a supply of electricity sufficient to accommodate projected demand for power statewide. Under that act, the Energy Commission also administers existing law with respect to energy conservation and renewable electricity generation sources.*

Existing law authorizes the Public Utilities Commission to regulate public utilities, including electrical and gas corporations. Existing law requires the commission to review and adopt a procurement plan for each electrical corporation. Under existing law, a person is guilty of a crime for failing to comply with provisions of the Public Utilities Act, or with an order or decision of the commission.

This bill would require the commission to require an electrical corporation, in implementing its procurement plan, to first acquire all available energy efficiency and demand reduction resources that are cost effective, as determined by the commission.

The bill would require the commission to require a gas corporation, in procuring energy, to first acquire all available energy efficiency and demand reduction resources that are cost effective. The bill would require the commission, in consultation with the Energy Commission, to establish savings targets based on an evaluation of all achievable cost-effective savings potential.

The bill, by requiring the commission to impose new requirements on electrical and gas corporations, the violation of which would be a crime, would create new crimes, thereby imposing a state-mandated local program.

(2) Existing law relating to electrical restructuring imposes certain requirements on local publicly owned electric utilities.

This bill would require each local publicly owned electric utility, in procuring energy, to first acquire all available energy efficiency and demand reduction resources that are cost effective. The bill, by imposing new requirements on local publicly owned electric utilities, would impose a state-mandated local program.

(3) Existing law requires the commission, in evaluating energy efficiency investments under its existing statutory authorities, to ensure that no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.

This bill would repeal that requirement.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

~~Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to develop, implement, and administer the Public Interest Research, Development, and Demonstration Program. Existing law requires that the program include a full range of research, development, and demonstration activities that, as determined by the Energy Commission, are not adequately provided for by competitive and regulated markets.~~

~~Existing law requires the Energy Commission to administer the program, as specified.~~

~~Existing law requires the Energy Commission to designate a panel of independent experts with special expertise in public interest energy research, development, and demonstration programs to evaluate projects under those programs, and to submit a preliminary and final report, as specified, to the Governor and the Legislature, making findings and recommendations for the implementation of this program. Existing law would repeal these provisions on July 1, 2006.~~

~~This bill, instead, would repeal the provisions as of January 1, 2006.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes.~~

~~State-mandated local program: no-yes.~~

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 25620.9 of the Public Resources Code~~
2 ~~is repealed.~~

3 ~~SECTION 1. Section 399.4 of the Public Utilities Code, as~~
4 ~~added by Section 4 of Chapter 1050 of the Statutes of 2000, is~~
5 ~~repealed.~~

6 ~~399.4. (a) (1) In order to ensure that prudent investments in~~
7 ~~energy efficiency continue to be made that produce cost-effective~~
8 ~~energy savings, reduce customer demand, and contribute to the~~
9 ~~safe and reliable operation of the electric distribution grid, it is~~
10 ~~the policy of this state and the intent of the Legislature that the~~
11 ~~commission shall continue to administer cost-effective energy~~
12 ~~efficiency programs authorized pursuant to existing statutory~~
13 ~~authority.~~

14 ~~(2) As used in this section, the term “energy efficiency”~~
15 ~~includes, but is not limited to, cost-effective activities to achieve~~
16 ~~peak load reduction that improve end-use efficiency, lower~~
17 ~~customers’ bills, and reduce system needs.~~

18 ~~(b) The commission, in evaluating energy efficiency~~
19 ~~investments under its existing statutory authorities, shall also~~
20 ~~ensure both of the following:~~

21 ~~(1) That local and regional interests, multifamily dwellings,~~
22 ~~and energy service industry capabilities are incorporated into~~
23 ~~program portfolio design and that local governments,~~
24 ~~community-based organizations, and energy efficiency service~~

~~providers are encouraged to participate in program implementation where appropriate.~~

~~(2) That no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.~~

SEC. 2. Section 399.4 of the Public Utilities Code, as added by Section 4 of Chapter 1051 of the Statutes of 2000, is amended to read:

399.4. (a) (1) In order to ensure that prudent investments in energy efficiency continue to be made that produce cost-effective energy savings, reduce customer demand, and contribute to the safe and reliable operation of the electric distribution grid, it is the policy of this state and the intent of the Legislature that the commission shall continue to administer cost-effective energy efficiency programs authorized pursuant to existing statutory authority.

(2) As used in this section, the term “energy efficiency” includes, but is not limited to, cost-effective activities to achieve peak load reduction that improve end-use efficiency, lower customers’ bills, and reduce system needs.

(b) The commission, in evaluating energy efficiency investments under its existing statutory authorities, shall also ensure ~~both of the following~~:

~~(1) That~~ *that* local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into program portfolio design and that local governments, community-based organizations, and energy efficiency service providers are encouraged to participate in program implementation where appropriate.

~~(2) That no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.~~

SEC. 3. Section 454.55 is added to the Public Utilities Code, immediately following Section 454.5, to read:

454.55. The commission shall require an electrical corporation, in implementing its procurement plan pursuant to Section 454, to first acquire all available energy efficiency and demand reduction resources that are cost effective, as determined by the commission.

SEC. 4. Section 454.6 is added to the Public Utilities Code, to read:

1 454.6. *The commission shall require a gas corporation, in*
2 *procuring energy, to first acquire all available energy efficiency*
3 *and demand reduction resources that are cost effective. The*
4 *commission, in consultation with the State Energy Resources*
5 *Conservation and Development Commission, shall establish*
6 *savings targets based on an evaluation of all achievable*
7 *cost-effective savings potential.*

8 SEC. 5. *Section 1002.3 is added to the Public Utilities Code,*
9 *to read:*

10 1002.3. *It is the intent of the Legislature that all cost-effective*
11 *alternatives to transmission and distribution facilities that meet*
12 *the need for an efficient, reliable, affordable supply of electricity,*
13 *including demand-side alternatives such as targeted energy*
14 *efficiency, ultraclean distributed generation, and other demand*
15 *reduction resources be considered in electricity transmission and*
16 *distribution planning, and that planning for transmission is*
17 *conducted on a statewide, rather than a project-by-project, basis.*

18 SEC. 6. *Section 9615 is added to the Public Utilities Code, to*
19 *read:*

20 9615. *Each local publicly owned electric utility, in procuring*
21 *energy, shall first acquire all available energy efficiency and*
22 *demand reduction resources that are cost effective.*

23 SEC. 7. *No reimbursement is required by this act pursuant to*
24 *Section 6 of Article XIII B of the California Constitution for*
25 *certain costs that may be incurred by a local agency or school*
26 *district because, in that regard, this act creates a new crime or*
27 *infraction, eliminates a crime or infraction, or changes the*
28 *penalty for a crime or infraction, within the meaning of Section*
29 *17556 of the Government Code, or changes the definition of a*
30 *crime within the meaning of Section 6 of Article XIII B of the*
31 *California Constitution.*

32 *However, if the Commission on State Mandates determines that*
33 *this act contains other costs mandated by the state,*
34 *reimbursement to local agencies and school districts for those*
35 *costs shall be made pursuant to Part 7 (commencing with Section*
36 *17500) of Division 4 of Title 2 of the Government Code.*